



Office of Advocacy

1999 SMALL BUSINESS PROFILE: ILLINOIS

By any measure, small businesses are critical to the economic well-being of Illinois. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 there were 275,200 businesses with employees, of which approximately 98 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 1.7 percent from 270,500 in 1997. There were 323,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of businesses at 598,200. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. There were 124,000 self-employed women in 1998, representing 38.4 percent of total self-employment in the state. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 67,603 minority-owned businesses in 1992, including 28,433 Black-owned businesses; 18,368 Hispanic-owned firms; and 21,743 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group.) Of these businesses, 10,538 had employees, with employment totaling 72,300. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 28,900 new employer firms were formed, 3.1 percent more than the number formed in 1997. There were 29,900 business terminations in 1998, a 4.4 percent increase from 1997. Business bankruptcies totaled 1,500 in 1998, a 17.6 percent decrease from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 2,518,700 employees, or 50.6 percent of the state's 4,978,000 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: construction, agricultural services, and wholesale trade (see Table 1). Small businesses added a net total of 44,500 employees between 1995 and 1996, accounting for all of the total private non-farm employment change in the state (see Table 2). The industries with the greatest percentage increases in employment among small businesses were: social services; auto repair, services, and parking; and engineering and management services (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

Recent figures show that small firm job growth has continued. According to data prepared for the SBA's Office of

Advocacy by Cognetics, Inc., non-farm businesses added 128,900 net new jobs in the state between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because firms may operate as sole proprietorships, partnerships, or corporations. A partial measure — non-farm proprietors' income — totaled \$25.6 billion in 1998, an increase of 5.8 percent from \$24.2 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 772 banks in the state that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. (See Table 4 for the top-ranking small-business-friendly banks.) In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (ACE-Net). For more information, contact an ACE-Net operator at (312) 814-3482 or via e-mail at rudberg@ilcoalition.org

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/advo.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

<i>Industry</i>	<i>Total</i>	<i>Firm Size by Number of Employees</i>		<i>< 500 as Percent of Industry Total</i>
		<i>1-19</i>	<i>1-499</i>	
Total non-farm employment	4,978.0	886.0	2,518.7	50.6
Agricultural services	23.4	13.5	20.6	88.0
Mining	13.0	2.1	4.9	37.6
Construction	210.4	96.0	192.4	91.4
Manufacturing	998.1	65.9	404.2	40.5
Transportation, communications, and utilities	309.9	35.1	98.6	31.8
Wholesale trade	376.6	78.4	224.6	59.6
Retail trade	955.6	189.6	484.0	50.7
Finance, insurance, and real estate	411.9	62.8	162.2	39.4
Services	1,677.7	341.5	925.9	55.2
Unclassified	1.3	1.0	1.3	100.0

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Total</i>	<i>Firm Size</i>	
		<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	239.8	73.0	140.1
Expanding establishments	474.1	128.5	274.2
Losses:			
Downsized establishments	(478.1)	(86.6)	(243.5)
Closed establishments	<u>(206.3)</u>	<u>(63.9)</u>	<u>(126.3)</u>
Net change in employment	29.5	51.0	44.5

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment 1996</i>	<i>Net Change*</i>	<i>Percent Change</i>
Total, all industries		2,518.7	(7.6)	(0.3)
Social services	8300	81.1	3.2	4.2
Auto repair, services, and parking	7500	43.4	1.6	3.8
Engineering and management services	8700	84.7	3.1	3.7
Amusement and recreation services	7900	41.1	1.4	3.6
Educational services	8200	47.5	1.4	3.0

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 4. Small-Business-Friendly Banks, 1998

<i>Bank Name</i>	<i>Location</i>
West Pointe Bank and Trust Company	Belleville
Bank of Edwardsville	Edwardsville
Northwest Bank of Rockford	Rockford
Success National Bank	Lincolnshire
Plaza Bank of Norridge, Illinois	Norridge
First National Bank of Wheaton	Wheaton
Palmer American Danville	Danville
First National Bank of Antioch	Antioch
First National Bank of Sumner	Sumner
Banterra Bank	Marion
Metropolitan Bank and Trust Company	Chicago
Amcore Bank, N.A.	Rockford
Harris Trust and Savings Bank	Chicago

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's Web site at www.sba.gov/advo/lending

inus2.html.